

Message Text

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SUBJ: KUWAIT MILITARY CONSTRUCTION PROGRAM

REF: 75 KUWAIT 4003

1. REFTEL REPORTED ON LARGE MILITARY CONSTRUCTION PROJECTS ESPECIALLY NEW NAVAL BASE TO BE UNDERTAKEN BY KUWAIT MINISTRY OF DEFENSE. EMBOFF MET JANUARY 10 WITH MOHAMAD RIFAI, DIRECTOR OF MOD ENGINEERING OFFICE FOR MILITARY PROJECTS TO REVIEW STATUS OF PROGRAM. EMBOFF ASKED WHETHER AMERICANS HAVE BEEN RESPONSIVE TO OUR NOTICE OF THIS MAJOR CONSTRUCTION TRADE OPPORTUNITY AND WHETHER, AS HAD BEEN RUMORED, CONTRACTS HAD ALREADY GONE TO YUGOCLAV COMPANY. IN ADDITION EMBOFF INQUIRED ABOUT SUB-CONSULTING POSSIBILITIES.

2. RAFAI SAID THAT PRIME CONSULTANT BRIAN COLQUHUON AND PARTNERS OF LONDON HAD ALREADY ISSUED SOME SUB-CONSULTING CONTRACTS, AND THERE VIRTUALLY NO CHANCE OF ADDITIONAL SUB-CONSULTING WORK ON NAVAL BASE. ON OTHER HAND THERE REMAINED CONSIDERABLE OPPORTUNITIES FOR US CONSTRUCTION COMPANIES. RAFAI CONFIRMED THAT SEVERAL US FIRMS HAD EXPRESSED INTEREST INCLUDING DRAVO, AND HE SAID NO RPT NO CONSTRUCTION CONTRACTS HAD YET BEEN AWARDED TO ANYONE. WE AGREED THAT RUMORS RE YUGOSLAVS PROBABLY REPRESENTED CONFUSION OVER MILITARY AIRPORT WORK AND CIVILIAN PORT WORK BEING DONE HERE BY YUGOSLAVS.

3. RIFAI INDICATED THAT HIS OFFICE CURRENTLY ALMOST EXCLUSIVELY INVOLVED WITH NAVAL BASE IN TERMS OF NEW PROJECTS. HE ANTI-
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CIPATED THAT MAJOR CONSTRUCTION WILL BE DIVIDED INTO MORE THAN

ONE AND PERHAPS AS MANY AS FOUR PACKAGES. ALTHOUGH HE WOULD NOT BE PRECISE, CLAIMING THAT GOK HAS YET TO MAKE UP ITS MIND, HIS REMARKS SUGGESTED THAT DREDGING AND COMMUNICATIONS MAY BE TWO OF THE PACKAGES. HE STRESSED, HOWEVER, THAT SITUATION WAS FLUID AND HE DID NOT WANT TO BE HELD TO ANY SPECIFIC REMARKS.

4. RIFAI WAS EVEN MORE ADAMANT ON QUESTION OF LOCAL AGENTS AN/OR INTERMEDIARIES THAN IN MEETING REPORTED REFTEL. HE MADE IT AS CLEAR AS HE POSSIBLY COULD THAT FOREIGN FIRMS BIDDING ON MILITARY CONSTRUCTION PROJECTS WILL BE EXPECTED TO DEAL EXCLUSIVELY AND DIRECTLY WITH MOD, AND THIS RULES OUT USE OF LOCAL AGENTS, INTERMEDIARPLS, SPONSORS AND EVEN JOINT VENTURE PARTNERS. WHEN EMBOFF POINTED OUT THAT US FIRMS MAY NEED SERVICES OF LOCAL FIRM, RIFAI REPLIED THAT FIRM SHOULD SEEK WHATEVER NEEDED DIRECTLY FROM MOD. ON OTHER HAND RIFAI SAID HE WOULD NOT OBJECT TO JOINT VENTURE OF TWO FOREIGN COMPANIES WHO DEAL DIRECTLY WITH MODM FOR EXAMPLE, IF US FIRM HAD JOINT VENTURE WITH SOUTH KOREAN FIRM PROVIDING LABOURJD MOD WOULD HAVE NO OBJECTION. APPARENTLY, HOWEVER, SIMILAR ARRANGEMENT WITH LOCAL FIRM, WHICH IS NORMAL PATTERN, WOULD NOT BE ACCEPTABLE.

COMMENT: BASED ON RIFAI'S REMARKS IT APPEARS THERE NO CHANCE FOR US CONSULTING FIRMS, BUT US CONSTRUCTION COMPANIES WILL HAVE OPPORTUNITY TO BIYEON MOD NAVAL BASE PROJECT. WE DOUBT THAT FORMAL TENDER WILL BE ISSUED. RATHER MOD LIKELY INVITE SELECTED COMPANIES DIRECTLY TO BID, AND INVITATIONS ARE EXPECTED TO BE SENT DURING SPRING 1976.

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